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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR KIRIBATI

Programme period	Resources	$
1992-1996	Net IPF	2 760 000
	Estimated cost-sharing	40 000
	Total	2 800 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The geographical fragmentation of Kiribati's atolls, their extreme remoteness, their small size and their narrow resource base represent fundamental constraints to development. The total land area of 725 square kilometres, is distributed over a sea area of 3.5 million square kilometres.

2. One third of the total population of 72,298 (1990) is concentrated in South Tarawa, posing serious problems of overcrowding. This has prompted the Government to launch a resettlement programme. The level of social services remains rudimentary. Along with malnutrition problems, infant mortality is high (82 per 1,000) and life expectancy is low (55 years average). Despite high levels of literacy (90 per cent), shortages of skilled labour represent a major development constraint, as few students complete secondary school and as vocational training possibilities are limited. This situation is amplified in the rural and outer islands.

3. The economy is too dependent on copra and fish, both susceptible to changes in world market prices. The public sector accounts for two thirds of total paid employment. Import dependence is acute and the trade account has been in deficit since the end of phosphate mining in 1979 (the trade deficit averaged $15.6 million from 1986 to 1990, i.e., over 50 per cent of GDP at market prices). GDP at market prices is estimated at $29.5 million in 1990; GDP per capita is about $550.

B. National development objectives and strategies

4. Kiribati's national development objectives since independence have focused on improving the living conditions and welfare of the rural population and diversifying the economy, in striving towards collective self-reliance and economic independence.

5. The seventh national plan, 1992-1995, currently under preparation, will retain the same policy orientations, focusing in addition on strategies designed to promote private sector development, financial stability and the strengthening of institutional capacity.

II. EXTERNAL COOPERATION

A. Role of external cooperation

6. Kiribati is heavily dependent on external assistance for development with 90 per cent of total development expenditures during 1987-1991 being financed through external assistance. Grants averaged $15.6 million annually from 1988-1991, i.e., $198.5 per capita as of 1990, or close to 55 per cent of estimated GDP at current market prices. Major bilateral donors include the

United Kingdom, with a contribution of at least $1.6-2.2 million in 1991, mostly in capital aid and technical cooperation; Australia, with $2.6 million for technical assistance and project grants, including outer island development; Japan, with $6.7 million for large grants and aid projects; and New Zealand, with a $1.2 million allocation mainly for education, environment and other bilateral activities. It is estimated that at least 20 per cent of grants are spent on technical assistance. The Government is now striving to localize all aid-funded posts and strengthen the public service.

7. Since the classification of Kiribati as a least developed country (LDC), external financing has broadened in scale and diversity over the last five years.

B. Aid coordination arrangements

8. With the National Planning Office identified as the focal point for aid programming in Kiribati, the process of aid coordination is undertaken jointly with the Ministry of Foreign Affairs and International Trade. Policy guidance is given by the Cabinet with the assistance of the Development Coordination Committee. As the flow of development assistance has substantially increased in the past five years, strengthening the National Planning Office is a priority.

9. To support government efforts, UNDP has fielded experts within the National Planning Office to assist in the programming of assistance and the appraisal of projects. The Government welcomes UNDP's help in facilitating the Government's continuing dialogue with donors and its coordination of resources for development through the round-table process.

III. THE COUNTRY PROGRAMME

A. Assessment of the ongoing country programme

10. The mid-term review of March 1990 concluded that the country programme had been effective in building development capacity, especially for outer island development, improving control of public enterprises and expanding rural water supply. However, while UNDP's flexibility in responding to changing needs and priorities was useful, the wide sectoral coverage of the country programme, together with the large number of small projects, prevented a major impact in any particular sector. Assistance was initiated to strengthen the Government's capacity to execute its development activities. Currently, 8 out of the 12 ongoing projects supported by UNDP are nationally executed.

11. Difficulties in assigning national counterparts resulted in some UNDP-funded personnel performing line functions. The Government is pursuing localization of posts where feasible, while employing foreign expertise to train nationals. United Nations Volunteers (UNVs) have provided effective

gap-filling assistance. However, their development role has been somewhat limited owing, among other things, to the prevailing counterpart situation.

12. Complementary assistance provided through the Pacific regional programme was found to be highly useful.

B. Proposals for UNDP cooperation

1. Preparatory process

13. Consultations were held with the Government, other donors, and the relevant United Nations agencies in the application of a more integrated programme and theme-oriented approach in developing the third country programme. This approach took into consideration the recommendations of the mid-term review, the discussions on the Advisory Note and the UNDP themes. The country programme orientation was also determined in consonance with the development framework for the seventh national development plan.

2. Strategy for UNDP cooperation

14. The areas to be supported by the limited IPF resources were determined following a review of the Government's priority needs, proposed support from other donors, UNDP's comparative advantages and the areas of focus mandated by the Governing Council. UNDP's proven comparative advantages include its flexibility in responding to national needs, its neutrality, its access to a global network of specialized expertise, its cost-effective modalities, such as the use of UNVs and the United Nations International Short-Term Advisory Resources (UNISTAR), and support available for country programme activities through its subregional programme. It is proposed that support be provided to three priority areas: disadvantaged groups, industrial and private sector development, and development administration. The focus will be on high impact in selected areas, representing a shift towards greater programme orientation.

3. Proposed UNDP cooperation in selected areas of concentration

15. Rural development. Given the socio-economic disparities between the capital and the outer islands and in an effort to promote balanced regional development, the Government is committed to consolidating ongoing rural development initiatives. In this connection, the Government proposes to allocate the major part of the IPF resources (about 43 per cent) to outer island development. UNDP has been involved in this area through the regional project Integrated Atoll Development, whose continuation will provide complementary support to poverty alleviation and equitable human development.

16. UNDP's technical cooperation is required to develop and implement a national rural development programme based on the integrated approach and coordinated with other donors. Within the framework of this programme, the Government intends to improve the level of health and education services. In the health sector, it is planned that, by 1995, 90 per cent of the rural

population will meet the health targets of the World Health Organization (WHO) for life expectancy, nutrition, access to health care and safe water. Likewise, in the education sector, the Government's goal is to increase enrolment in the secondary and technical schools, as well as to increase the number of students who complete their education at these levels. UNDP assistance, the main elements of which have yet to be determined, will be in the form of a joint programme with the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). UNICEF is expected to concentrate on nutrition, primary health care and sanitation, and UNFPA on family health and population education and awareness.

17. Another major component of the national rural development programme will be the creation of new economic opportunities in the Northern Line Islands to support the current resettlement of population there from urban Tarawa. In this connection, the Asian Development Bank, in close cooperation with UNDP, is preparing a comprehensive development/investment plan for those islands, which will promote sustainable production in the agriculture and fisheries sector, as well as tourism. UNDP's future role in this component will be determined taking into account contributions from other donors. The round-table process should be effective in facilitating follow-up implementation.

18. A third component of the rural development programme will be the strengthening of grass-roots participation in development through self-help, community-based and village-initiated activities. Main objectives would be to upgrade local skills, establish an appropriate development management system and mobilize local resources. Both the Government and non-governmental organizations (NGOs) are expected to be involved in strengthening local capacities supported by UNDP. To this end, local institutions will be strengthened through training of officers. Similarly, the strengthening of women's NGOs through training is expected to improve their role in implementing community-based initiatives. Complementary assistance will be provided through the regional poverty alleviation programme and the regional environmental programme.

19. Industrial and private sector development. To complement technical assistance to rural/outer islands development, the Government proposes to allocate 22 per cent of the IPF resources to the development of small-scale industries. The Government has encouraged private sector initiatives and investment in small-scale manufacturing, but Kiribati's small private sector has been constrained by a scarcity of business skills, technical knowledge and market information; the relative scarcity of domestic capital; and the dominance of public sector enterprises.

20. UNDP will provide advisory services, training, and extension services, specifically required in the areas of marketing, technical advice in business development, and management of small-scale manufacturing activities, including those initiated by NGOs and the local communities supplying competitively priced products on the domestic market and well-chosen "niche-market" products for export. The programme would also enhance access to capital finance

through United Nations and bilateral schemes, including micro-credit services when appropriate. The country programme will also assist in capacity-building of a national institution to be set up by the Government to service new commercial initiatives.

21. Complementary assistance will be provided under the regional programme in small-scale industry development and the South Pacific Development Facility, UNISTAR, TOKTEN, technical cooperation among developing countries (TCDC) programmes and through the specialized United Nations agencies such as the United Nations Industrial Development Organization (UNIDO) and the International Labour Organisation (ILO).

22. Development administration. Almost 15 per cent of allocated IPF resources will be earmarked to improve the capacity of the public sector and NGOs to formulate, implement and manage development programmes and projects more soundly, given the Government's commitment to improve its absorptive capacity.

23. UNDP assistance is proposed through technical and managerial training, public service reviews and studies. Attention will also be given to improving the accountability of aid funds and government funds. An umbrella project may be developed and implemented with institution-building as a primary objective.

24. It is expected that there will be an increased capacity to execute development programmes and projects, and an improvement in coordination and planning functions.

25. The Government will explore the possibility of obtaining supplementary funding and assistance through the management development programme. The Government will also draw on the resources of the regional economic and financial management and reform project.

C. Assistance outside the main country programme areas

26. An unprogrammed reserve of 10 per cent of the IPF has been provided for funding pipeline projects outside of the country programme's frame of reference, such as the development of air services project, or to allow for favourable consideration of a quick response to unforeseen urgent needs.

D. Implementation and management arrangements

27. In light of the Government's commitment to build national capacity, it is expected that as capabilities to formulate, manage and implement development programmes increase, so will the national execution of UNDP cooperation.

28. Given their cost-effectiveness, UNVs will continue to be utilized, with careful planning of the training options required. UNISTAR and the Pacific

regional programme will continue to play an important role in complementing and backstopping national programmes. The development role of UNVs and other UNDP-funded personnel should be emphasized in future, with careful review of the roles to be played by foreign expertise and counterparts, to ensure that there is greater effective transfer of skills.

29. The country programme will be subjected to a mid-term review. Individual activities will be regularly monitored to ensure their relevance to development needs.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Carry-over from fourth cycle IPF	434	
Fifth cycle IPF	2 326	
Subtotal IPF		2 760
Project cost-sharing (Government)	30	
Project cost-sharing (third-party)	10	
Programme cost-sharing	-	
Subtotal cost-sharing		40
TOTAL		2 800

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	Thousands of dollars IPF	Cost-sharing	Total	Percentage of total resources
Rural development	1 200	-	1 200	43
Private and industrial sector development	600	-	600	21
Development administration	390	10	400	14
Programme reserve	300	-	300	11
Commitments not related to fifth country programme areas of concentration	270	30	300	11
TOTAL	2 760	40	2 800	100

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III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds		
SPR	-	
UNCDF	510	
UNSO	-	
UNIFEM	-	
UNRFNRE	-	
UNFSTD	-	
Subtotal		510
B. Other United Nations resources		
JCCP participating agencies		
UNFPA	-	
UNICEF	200	
WFP	-	
IFAD	-	
Other United Nations agencies (non-UNDP financed)	400	
Global Environment Facility	-	
Subtotal		600
Total non-core and other United Nations resources		1 110
C. Non-United Nations resources		550
TOTAL		1 660

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Annex II

PROGRAMME MATRIX*

Areas of concentration for UNDP	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	Women in development
1. Support to rural development						
Nutrition/primary health care and sanitation	*	*				*
Family planning/population education	*					*
Secondary and technical education	*					*
Economic development of one island group	*	*				*
2. Industrial and private sector development						
Advisory services in business development			*	*		
Management of small-scale manufacturing activities			*	*		
Entrepreneurial training						*
Development of credit scheme (Grameen Bank)				*		*
3. Development administration						
Advisory services/public service reviews			*			
Training			*			*

* Asterisks indicate major linkage only.